

# **Title Guaranty Division Board Meeting Minutes**

**March 7, 2006**

**Board Members Present:**

Walter Murphy (by phone)  
Mitchell Taylor (by phone)  
Surasee Rodari

**Staff Members Present:**

Loyd Ogle, Title Guaranty Director  
Matt White, TGD Deputy Director  
Tim Jansen, IFA Accountant  
Lon Kobernusz, IFA Accountant  
Linda Berg, TGD Business  
Development Director  
Mark Thompson, IFA General Counsel  
Susan Riedinger,  
Administrative Assistant

**Others Present:**

Grant Dugdale – Attorney General's Office  
John Eisenman – Iowa Land Title Association (by phone)  
Don Guisinger – American Abstract and Title Company, Des Moines

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## **Call to Order**

Chairman Mitch Taylor called the March 7, 2006, meeting of the Title Guaranty Board of Directors to order at 10:30 a.m.

## **Review & Approval of Board Meeting Minutes**

Motion: On a motion by Mr. Murphy, seconded by Mr. Rodari, the Board unanimously approved the December 6, 2005, Board meeting minutes.

Mr. Thompson noted that since it is an electronic meeting, the minutes should reflect why they are having an electronic meeting, because of the impracticality of all of the Board members getting together in person. The open meetings act requires that the minutes reflect this.

## **Review & Approval of Financial Reports/ Transfer of Funds to IFA's Housing Programs**

Mr. Ogle discussed the financial report with the Board. He said in January the Division took in over \$465,000, which was the Division's best month in over a year. February's income was \$360,000. The Division probably will miss its budget target in terms of total revenue collected by about a half million dollars. The Division should start seeing some of the impact of their marketing and premium changes in several months.

Mr. Jansen recommended that \$550,000 be transferred to the Iowa Finance Authority's Housing Programs.

Motion: On a motion by Mr. Rodari, seconded by Mr. Murphy, the Board unanimously approved the transfer of \$550,000 to the Iowa Finance Authority's Housing Programs.

### **Deputy Director's Report**

Mr. White gave the claims report. He said since the last Board meeting there have been about 18 claims. The Division has satisfied about six claims. Since the last Board meeting, the Division has paid out approximately \$23,000 on two claims. One was for a defective mortgage with the agricultural homestead waiver; the other, for the costs of getting a mortgage reexecuted and rerecorded to keep that claim from being bigger. Mr. White described several claims that may result in payment in the future.

### **Business Development Director's Report**

Ms. Berg delivered the business development report. She said she has been meeting with lenders, abstractors, attorneys, and real estate companies talking about the Division's changes and getting feedback on the Division's proposals. The reception she has been getting is very positive.

### **Director's Report**

Mr. Ogle gave the director's report. He discussed the nonpurchase product that was implemented by Board action effective March 1. Underwriting originally proposed a two-year search on the nonpurchase product. Some feedback suggested that they would have a better product with a 10-year search, but other feedback suggested that the cost and impact of a 10-year search will be as much as an abstract continuation and put the Division out of the price range of being competitive for refinances with out-of-state title insurance. It was determined that the Division needed to go back to the two-year search. The search requirement in the Administrative Rules should have been written so that the actual term of the search was something that could be set by the Board as opposed to administrative rule. There is a process to waive Administrative Rules. Mr. Ogle read waiver requests from Mr. Eisenman on behalf of the Iowa Land Title Association and from Mr. Guisinger on behalf of American Abstract and Title Company waiving the 10-year search requirement in favor of the two-year search requirement. Staff recommendation is to approve a waiver of the administrative rule from a 10-year search to a two-year search.

The Board discussed the waiver request with Mr. Eisenman. Mr. Taylor asked if underwriting and the attorney general's office were comfortable with the change. Mr. Ogle and Mr. Dugdale responded in the affirmative.

Motion: On a motion by Mr. Murphy, seconded by Mr. Rodari, the Board unanimously approved the waiver of the 10-year search for the nonpurchase product to a two-year search.

Mr. Ogle discussed the proposal to eliminate the appraisal requirement and requested that the Board modify the Division's underwriting requirements to do so. Mr. Ogle explained that lenders are not requiring appraisals as much because they are not relying as much on the appraised value of the house as they are on the creditworthiness of the borrower. He said the appraisal was used to confirm certain pieces of information, especially the statement regarding no encroachments.

Mr. White said there have been very few instances that the Division has caught anything on an appraisal statement relating to encroachments that would have mattered one way

or the other. It is also used for the location endorsement. Mr. White said that for the survey coverage the Division gives, from a claims perspective, he would be surprised if it increases the Division's risk in a measurable amount.

Mr. Ogle read to the Board the following resolution:

WHEREAS, the Iowa Title Guaranty Board (the "Board"), in accordance with the statutory directives set forth in Chapter 16 of the Code of Iowa, as amended, works to operate a program to offer guaranties of real property titles in order to provide a low-cost mechanism to facilitate mortgage lenders' participation in the secondary market and to add to the integrity of the land-title transfer system in the State of Iowa; and

WHEREAS, the administrative rules governing the Title Guaranty program state that the Board shall approve forms and instructions for the title guaranty program by resolution and may change the same from time to time in the same manner; and

WHEREAS, the Board's staff has recommended that the Board adopt policy changes for obtaining survey coverage;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Title Guaranty Division of the Iowa Finance Authority as follows:

SECTION 1. The Board hereby approves the attached policy changes which eliminates the requirement for a Uniform Residential Appraisal Report for most residential transactions under \$500,000.

SECTION 2. The Board authorizes the Director and Title Guaranty Division staff to publicize and market the new requirements as necessary.

The Board discussed the elimination of this requirement.

Motion: On a motion by Mr. Rodari, seconded by Mr. Murphy, the Board unanimously approved the elimination of the appraisal requirement.

### **Next Meeting Date and Time**

The next meeting date will be June 6th, 2006, at 10:30 a.m.

### **Adjournment**

Motion: On a motion by Mr. Murphy, seconded by Mr. Rodari, the Board unanimously voted to adjourn at 11:08 a.m.

Dated this 23<sup>th</sup> day of May, 2006,

Respectively submitted:

Approved as to form:

Loyd W. Ogle, Director  
Title Guaranty Division

Mitch Taylor, Chair  
Title Guaranty Division